

HOUSE FINANCE COMMITTEE  
April 19, 2022  
1:41 p.m.

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CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:41 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Kelly Merrick, Co-Chair  
Representative Dan Ortiz, Vice-Chair  
Representative Ben Carpenter  
Representative Bryce Edgmon  
Representative DeLena Johnson  
Representative Andy Josephson  
Representative Bart LeBon  
Representative Sara Rasmussen  
Representative Steve Thompson  
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Miles Baker, Infrastructure Investment Coordinator, Office of the governor.

SUMMARY

HB 414      APPROP: SUPPLEMENTAL; CAPITAL

HB 414 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the meeting.

#hb414

HOUSE BILL NO. 414

"An Act making appropriations for the operating expenses of state government and certain programs; making capital appropriations and supplemental appropriations; capitalizing funds; and providing for an effective date."

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Co-Chair Merrick invited the presenter to continue his presentation [note: HB 414 was previously heard on 4/7/22 at 1:00 p.m. See separate minutes for the first portion of the presentation].

MILES BAKER, INFRASTRUCTURE INVESTMENT COORDINATOR, OFFICE OF THE GOVERNOR, reintroduced the PowerPoint presentation: "Infrastructure Appropriation Bill: HB 414" (copy on file). He continued on slide 15 regarding the coordination and implementation of the bill, which is where he left off during the previous bill hearing. He noted that Representative Carpenter had questions about Department of Environmental Conservation's (DEC) staffing. He indicated that a response from the department had been supplied to the committee.

Mr. Baker returned to slide 7 to provide a recap of the presentation. He reminded members that the bill had been organized by category, and that the categories were listed on the slide. The last categories he would be covering during the presentation were infrastructure coordination and implementation and competitive opportunity investments.

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Mr. Baker returned to slide 15 regarding coordination and implementation. He noted it had become very clear that the coordination would take time. The governor had worked with state agencies to prepare the bill and understand the potential influx of monies. There was also significant coordination needed outside of the state agencies and three stakeholders were involved. There was \$5 million appropriated for the state infrastructure planning and coordination. There was also \$500,000 for local government capacity building and technical assistance under the Alaska Municipal League (AML). The Alaska Federation of Natives (AFN) Navigator Program would receive funding in the amount of \$2.5 million that would help continue the efforts of the

program. He added that AML was also hosting [alaskafederalfunding.org](http://alaskafederalfunding.org) as a repository for grant opportunities and other additional information about the bill.

Co-Chair Merrick asked if there was any direct community outreach outside of AML and AFN.

Mr. Baker asked a clarifying question.

Co-Chair Merrick asked if there would be other measures taken to communicate with Alaskans directly.

Mr. Baker indicated the Office of the Governor did not want to initiate any taskforces or start working groups before knowing where coordination was needed. He thought the responsibility of the bill belonged in the Office of the Governor for the time being. The process of outside coordination had begun, and an infrastructure subcabinet would likely be formed, which would include collaboration from public corporations during regular meetings. The broadband requirements were fairly prescriptive and dictated that the state would collect regional input to ensure there was a coordinated statewide plan. Many states had a statewide infrastructure entity which allowed the programming of new monies into the existing infrastructure process. He was open to ideas and working with the legislature.

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Representative Johnson asked about the possibility of federal funds being "clawed-back."

Mr. Baker indicated there was a small amount of concern. He expressed that the infrastructure bill was different than what had been experienced with the COVID-19 related bills. One of the questions asked by members of the Alaska State Senate was whether Alaska was eligible for any other federal funding, and the answer was no. He provided an example that from year-to-year the Alaska Department of Transportation and Public Facilities (DOT) received monies but did not always spend all of the monies. The federal DOT reshuffled these monies every August to make unspent monies available for other projects. He thought that something similar could happen in this situation. He predicted that the grant applications would indicate the appetite for

various projects. The state had received significant funding for lead service line replacements, which had been facilitated by the Environmental Protection Agency (EPA) through a national distribution. There was not as much lead service line in Alaska as in other states, so perhaps the money would be redistributed and used in other areas.

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Mr. Baker turned to slide 16 to discuss the investments in competitive opportunities. He indicated that Alaska was uniquely positioned to take advantage of certain circumstances and he thought it was beneficial to invest some unrestricted general fund (UGF) monies into the opportunities. He read from the list on the slide:

Electric Grid Modernization -AEA

- Grid reliability, resiliency and transmission \$6,000.0 (\$1,000.0 UGF, \$5,000.0 Fed)

Clean Hydrogen Technologies -AGDC

- Clean hydrogen research, development and demonstration \$6,000.0 (\$1,000.0 UGF, \$5,000.0 Fed)

Carbon Capture & Sequestration -DNR

- Carbon technology infrastructure research, development and demonstration \$6,000.0 (\$1,000.0 UGF, \$5,000.0 Fed)

Rare Earth & Critical Minerals -UA

- Rare Earth Elements (REE) Demonstration Facility \$500.0 UGF
- Critical Minerals Security Projects \$9,500.0 (\$2,000.0 UGF, \$7,500.0 Fed)

Mr. Baker indicated that there was a fairly significant response to a host of questions that Alaska Energy Authority (AEA) had in the preparation of the funding opportunities. He expected that funding opportunity notices should be released soon. The legislation included \$5 billion for reduced electrical outages and the hardening of the grid against disruptive events. There was an additional \$5 billion for research development for innovative approaches to grid resiliency, and \$1 billion for infrastructure in remote areas. There was a transportation facility program for the funding of construction of grids.

He explained that AEA would coordinate the projects around the large funding opportunities and it would be similar to the structure of coordination in the bill as a whole. In the area of clean hydrogen, there would be \$8 billion made available over the course of five years to support a minimum of four regional clean hydrogen hubs. There was also \$1 billion for clean hydrogen electrolysis. He suggested that it was important to get ahead of the initial funding opportunity notices because the opportunities were often limited. There could be a huge return in several areas if the state took advantage of the opportunities.

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Representative Edgmon returned to slide 15. It appeared the Office of the Governor would be increasing its responsibilities. He wondered where all of the entities would converge.

Mr. Baker anticipated the inception of a coordination office within the Office of the Governor that would work closely with the other organizations and with the broadband office. He would want to formalize some coordination efforts in terms of committees of coordination. He wanted to have the ability to move quickly to assess the new opportunities and go after them as prescribed. The grant applications would be expensive, and the efforts would focus on funding the applications. He thought the state would want to be judicious with taskforces and working groups that would help in areas such as oversight and reporting. He wanted to be sure the state was aware of what had value and what did not. He wanted to determine the position of the legislature before deciding upon the structure of the coordination.

Representative Edgmon remarked that there was significant coordination. He thought the legislature would need to be coordinated as well.

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AT EASE

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RECONVENED

Representative LeBon referred to slide 16 and asked if the grants were competitive. He noted that the state would

invest money in order to seek grants, however the awarding of the grants was not guaranteed. He thought it was a worthy investment and asked whether the state was going to pursue the grants.

Mr. Baker responded in the affirmative. He explained that he was asking for the funding from the legislature to go after the grants. The exact nature of the grants was uncertain, and he was trying to capture the upside potential. He stated that the grants were technical and would require a multi-team effort. He thought it would cost the state about \$1 million to respond to the opportunities.

Representative Wool noted the investments detailed on slide 16 and wondered if the money would be used to apply for grants for larger projects. He asked how the money would be used specifically.

Mr. Baker clarified that UGF monies would be needed to prepare the applications for the grants. If the efforts were successful, he expected the federal money amounts to be much higher. There would need to be some receipt authority as well. The money was meant to pay for things like content development, expertise, and technical writing. If the state was successful in obtaining the grants, he would have to come back to the committee with additional details.

Representative Wool shared his understanding that the federal numbers were hypothetical and acted as a placeholder for the time being. He thought Mr. Baker was asking for \$1 million in UGF for grant coordination.

Mr. Baker responded in the affirmative and added that there was one exception, which was the critical minerals security projects. This was a partnership between the University of Alaska and a number of other entities. He explained that this was phase 2 of the project and expected there to be a \$7.5 million of federal monies and would require a \$2 million match. Apart from this exception, he indicated that Representative Wool was correct in that many of the federal numbers were placeholders. He wanted to use the federal numbers to illustrate the multiplier effect and the potential.

Co-Chair Merrick thanked Mr. Baker and reviewed the agenda for the following meeting.

HB 414 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

2:11:26 PM

The meeting was adjourned at 2:11 p.m.